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Reuse and the Benefit to Community Joslyn Manufacturing & Supply Co. Superfund Site

Executive Summary

A legacy of contamination from 60 years of wood treating left vacant nearly 40 acres of prime property in the heart of the Minneapolis-St. Paul metropolitan area. Innovation and collaboration among the development company Real Estate Recycling and Joslyn Manufacturing, the site's responsible party (RP), with EPA and the Minnesota Pollution Control Agency (MPCA) resulted in the reuse of this valuable area as a busy commercial and industrial park. Today, businesses at Twin Lakes Business Park employ approximately 420 people and contribute \$850,000 in local property taxes. This case study explores economic revitalization resulting from the cleanup and redevelopment of the Joslyn Manufacturing & Supply Co. Superfund site.



Figure 1: Headquarters of Caribou Coffee, built on site in 2004

Positive Impacts

- In 2012, businesses at Twin Lakes Business Park employed approximately 420 people and provided nearly \$15 million in annual income to employees.
- Future redevelopment plans at the site include a \$10 million, 100,000-square-foot facility located south of the current development.
- Properties at Twin Lakes Business Park generate nearly \$850,000 in annual property tax revenues.
- Twin Lakes Business Park offers 421,000 square feet of commercial and industrial space with a total estimated market value of \$19.5 million.

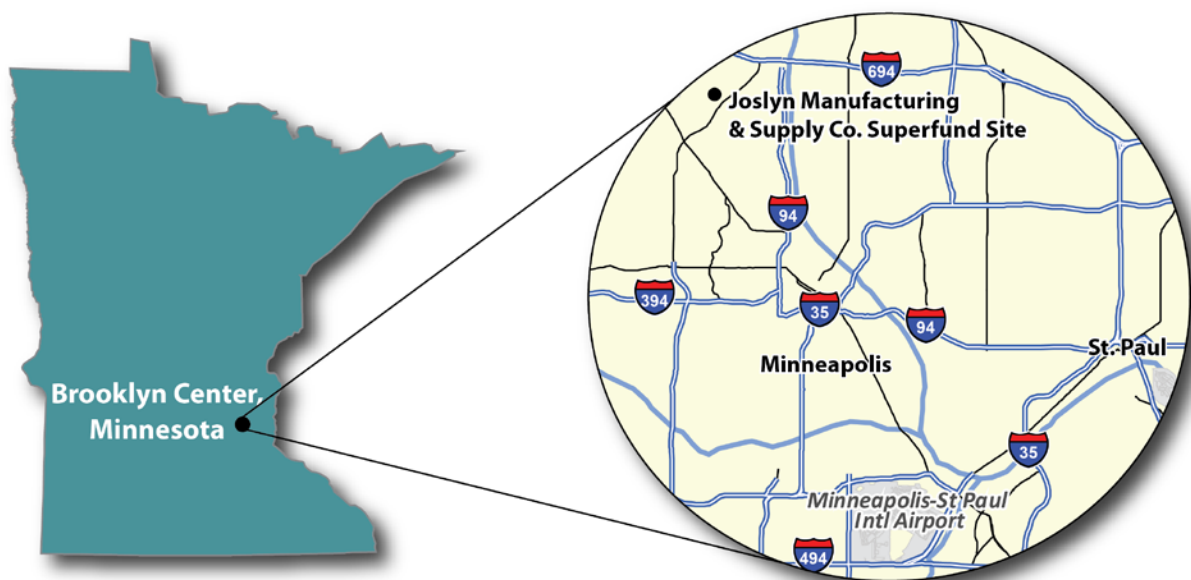


Figure 2: Site location in Minneapolis-St. Paul metropolitan area



Introduction

Superfund site cleanup and reuse results in restored value to site properties and surrounding communities. Once a site property is ready for reuse, it can revitalize a local economy with jobs, new businesses, tax revenues and local spending. This case study describes the cleanup and captures the on-site and community impacts of new development at the Joslyn Manufacturing & Supply Co. Superfund site.

Twin Lakes Business Park occupies approximately 32 acres in the City of Brooklyn Center, Minnesota, which is located on the northwest side of the Minneapolis-St. Paul metropolitan area. The business park is adjacent to MN State Route 100, two miles south of Interstate 694. According to 2010 Census data, Brooklyn Center's population is 30,104.

Site History

For a 60-year span beginning in the 1920s, a succession of companies operated a wood treating facility on the site property. The companies placed process wastes in waste disposal ponds, buried process sludge on site, and spilled wood treating solutions onto the ground. These activities contaminated site soil and ground water.

Joslyn Manufacturing ceased wood treating operations at the site in 1980 and removed process solutions from the site, disposing of them at a hazardous waste facility in 1981. In 1983, MPCA issued a Request for Response Action to the company, asking that it undertake cleanup to address the release of hazardous substances at the site. EPA listed the site on the Superfund program's National Priorities List (NPL) in 1984; through an agreement with EPA, MPCA continued to oversee the site's cleanup. Site cleanup began in 1988 with activities that included the excavation, treatment and disposal of contaminated soil in a hazardous waste landfill. Additional contaminated soils were treated and disposed of on site. The company installed a pump-and-treat system to clean up site ground water in 1989. After the company finished these activities in 1996, it placed a fence around the property to protect the remedy.

Today, ground water cleanup is ongoing. EPA deleted the eastern portion of the site from the NPL in 2002. A 7-acre parcel on the western portion of the site known as the "West Area" or Operable Unit 5 consists of wetlands and flood plains. Some cleanup of the sediments in this area is planned in the near future but will not impact the developed properties at the Joslyn site.

Site Cleanup and Redevelopment

When Real Estate Recyclers approached Joslyn Manufacturing about potentially redeveloping the site in 1997, the property initially did not look like a promising location for commercial and industrial development. Uncompacted treated soil covered the site and monitoring wells dotted the area. The developer, however, saw opportunity in the property's size, infrastructure, direct access to highways and the strength of Brooklyn Center's labor force. Real Estate Recyclers leased the property from Joslyn Manufacturing and approached MPCA to enroll it in the state's Voluntary Investigation and Cleanup (VIC) program, a fee-for-service program under which participants voluntarily investigate and clean up contaminated sites. The program's purpose is to facilitate property transactions and redevelopment and mitigate environmental risks.

The property's planned redevelopment spurred additional cleanup activities. Financing for cleanup costs beyond the \$17 million paid by Joslyn Manufacturing came from several sources, including grants, Real Estate Recycling resources and tax increment financing. Real Estate Recycling excavated and recompacted treated soils, built a stormwater pond, adjusted the pump-and-treat system to allow for planned construction, conducted Phase 1 and Phase 2 site assessments, and completed additional soil cleanup. Real Estate Recycling also graded the property with berms to provide a buffer between the business park and its residential neighbors.



Figure 3: Site Map



Figure 4: On-site stormwater pond and buffer berm

The site's redevelopment proceeded in three phases. In the first phase, Real Estate Recycling secured \$2.1 million in funding from the Minnesota Department of Economic and Employment Development (DEED) for cleanup activities and completed a \$12 million, 200,000-square-foot build-to-suit project (Building #1) for a furniture company in 1999. The same year, the company purchased additional parcels east of the site to accommodate additional development.

In 2000, Real Estate Recycling completed the second phase of the site's redevelopment, a \$7.5 million, 109,000-square-foot project for which the company secured \$775,000 in cleanup funding from DEED. The company completed the third phase, a 109,000-square foot-facility that now houses the corporate headquarters of Caribou Coffee, in 2004. The \$7.7 million project included \$1.5 million in cleanup costs. DEED provided \$1.1 million toward these costs. A fourth phase of the redevelopment is occurring off the Joslyn site.

Keys to Success

EPA, MPCA and Real Estate Recycling cite several factors as the keys to the site's successful redevelopment.

- Deleting the soil portion of the site from state and federal Superfund lists was essential; it addressed the liability concerns of potential project funders, enabling financing of the project to move forward. It also helped in marketing the property.
- Real Estate Recycling shared detailed site information and cleanup status updates with potential tenants. The extent of assessment and cleanup activities at the site reassured interested parties. Site tenants have not asked for indemnification; one tenant has requested an environmental insurance policy.
- The project's phased approach simplified the financing and completion of redevelopment activities.
- The collaboration of MPCA's VIC program with Real Estate Recycling meant that all parties were on the same page regarding the site's cleanup and redevelopment, ensuring a consistent, straightforward process.

Local Impacts

The site's cleanup and subsequent redevelopment into Twin Lakes Business Park has resulted in significant economic impacts in the community. Businesses on site support approximately 420 jobs and contribute nearly \$15 million in annual employment income and \$850,000 in annual property tax revenues. National firms have located their corporate offices on site; other tenants have built warehouse and distribution facilities.

The location and size of the site property, its proximity to major roadways, and a good labor supply attracted Real Estate Recycling. Large undeveloped areas well suited for commercial and industrial development are rare in the Minneapolis-St. Paul metropolitan area. For Brooklyn Center, the site's redevelopment was critically important, restoring local jobs and strengthening its tax base. The result was a development that addressed local priorities and met strong market demand. For example, when the original site tenant, a furniture company, went bankrupt in 2008, it took just six weeks to re-lease the space.

Tenants at Twin Lakes Business Park, 2012

- Caribou Coffee – corporate headquarters with 220 on-site employees.
- Caribou Coffee – a limited-service restaurant with 14 on-site employees.
- Berkshire Transportation – a freight transportation service provider with 6 on-site employees.
- MTI Distributing – a farm and garden machinery and equipment merchant wholesalers with 82 on-site employees.
- Wagner Spray Tech – a painting supplies manufacturing firm with 50 on-site employees.
- Automation, Inc. – an industrial control component distributor with 30 on-site employees.
- Supply Technologies – a Total Supply Management™ company with 16 on-site employees.
- RER Management – the site property management firm with 2 on-site employees.



Figure 5: Warehouse facilities at Building #1

Caribou Coffee

Caribou Coffee is a large coffee retailer and wholesaler with almost 500 company-owned locations across 16 states and Washington, D.C., and annual revenues of \$262 million.¹ The firm moved its corporate headquarters into Building #3 at Twin Lakes Business Park in 2004. The facility houses administrative offices, warehouse and retail space, and coffee roasting and packaging operations. The headquarters employs approximately 220 people and contributes an estimated \$3.7 million in annual employment income. In addition, a limited-service restaurant on site employs 14 staff members, with an estimated \$240,000 in annual employment income.

Berkshire Transportation

A freight management service provider, Berkshire Transportation employs six staff on site, providing estimated annual employment income of \$361,000 and annual revenues of \$1.4 million. The firm provides freight management services to Caribou Coffee.

MTI Distributing

A distributor of landscaping products and services, MTI Distributing is a wholly owned subsidiary of Toro Company, which produces landscape maintenance and irrigation equipment.² MTI Distributing's corporate offices are located in Building #2 at Twin Lakes Business Park, employing 82 staff with an estimated annual employment income contribution of nearly \$4 million. In addition, the firm uses a steep hill that was constructed as part of the cleanup action to test landscaping equipment and pays property taxes on that land as well.

Wagner Spray Tech

Wagner Spray Tech produces painting tools for consumer and commercial uses, including sprayers, rollers and surface preparation tools.³ The firm employs approximately 50 employees at a warehouse facility in Building #1, providing estimated annual employment income of \$3.3 million.

Automation, Inc.

Serving six Midwestern states, Automation, Inc. is a distributor of industrial control components.⁴ The firm employs 30 people, providing estimated annual employment income of \$2 million and annual revenues of \$6.6 million.



Figure 6. Caribou Coffee's on-site retail location



Figure 7. MTI Distributing's corporate headquarters



Figure 8. Automation, Inc.'s facility

¹ <http://www.cariboucoffee.com/page/1/company-info.jsp>

² <http://www.mtidistributing.com/about.shtml>, <http://www.toro.com/en-us/about-us/pages/default.aspx>

³ http://www.wagnerspraytech.com/portal/about_us_en_spray,421606,358970.html

⁴ <http://www.automationinc.com/index.php>

Supply Technologies, LLC

A subsidiary of ParkOhio, Supply Technologies is a worldwide Total Supply Management™ company that provides services to manufacturers, assemblers and distributors.⁵ Its warehouse facility in Building #1 employs 16 people, providing estimated annual employment income of nearly \$1 million.

RER Management

Established by Real Estate Recycling in 2009 to manage its property portfolio of commercial space in Minnesota and Wisconsin, RER Management employs two people, providing estimated annual employment income of \$99,000.⁶



Figure 9. Sign for businesses in the park

The Domino Effect of Redevelopment

When Real Estate Recycling began to develop Twin Lakes Business Park, it was the company's second redevelopment project and first redevelopment project at a Superfund site. Today, the fully leased facility provides 421,000 square feet of commercial and industrial space with a total estimated market value of \$19.5 million. The facility contributes nearly \$850,000 per year in property tax revenues to the local economy and supports 420 jobs.

The company's success with the project provided the experience and track record it needed to proceed with an additional \$13 million, 130,000-square-foot development a half-mile away. The company has also since undertaken additional Superfund redevelopment projects, including a 400,000 square foot bulk warehouse building developed on the Boise Cascade/Onan Corporation/Medtronics Inc. site in Fridley, Minnesota and an 80,000 square foot office/showroom building on the National Lead/Taracorp/Golden Auto site in St. Louis Park, Minnesota.

The success of Twin Lakes Business Park has also encouraged Real Estate Recycling to expand the development with a fourth phase – a \$10 million, 100,000-square-foot facility across the street from Caribou Coffee's headquarters. The firm has enrolled the contaminated area – not part of the Joslyn Manufacturing & Supply Co. Superfund site – in MPCA's VIC program and recently filed a cleanup plan for the property with MPCA.

⁵ <http://www.supplytechnologies.com/aboutus.asp>

⁶ <http://www.realestaterecycling.com/news/RER%20Annual%20Review%20Spring%202009%20PDF.pdf>

Conclusion

In Brooklyn Center, Minnesota, a development company and a responsible party came together with state agencies and EPA to collaborate on the cleanup and redevelopment of the Joslyn Manufacturing & Supply Co. Superfund site. These efforts resulted in significant successes: the protection of human health and the environment and community revitalization. Today, Twin Lakes Business Park has attracted new tenants and employment opportunities, providing approximately 420 jobs and nearly \$15 million in annual employee income. The redevelopment has resulted in the beneficial use of a valuable property in the heart of the Minneapolis-St. Paul metropolitan area, and spurred additional development nearby. Future plans include a fourth phase of development that will add 100,000 square feet of additional industrial space to the business park. This successful redevelopment provides a compelling example of the kind of beneficial site reuse and redevelopment that can result from dedicated, forward-thinking stakeholders working together in innovative ways over the long term.

Tools EPA Uses to Support Site Reuse

RER undertook the redevelopment of the Joslyn Manufacturing property before EPA's emphasis on returning contaminated lands to productive use. Today the Superfund Redevelopment Initiative has developed tools designed to facilitate the redevelopment of Superfund sites including:

- **Ready for Reuse (RfR) Determination** -- environmental status report that provides information about how a site can be used appropriately
- **Reuse Planning** -- Work with stakeholders to provide them the information they need to make informed decisions about the likely future use of a site
- **How-To Reports** -- technical information on how sites with hazardous waste can be safely reused for various purposes, such as recreation
- **Success Stories and Lessons Learned** -- fact sheets, videos and reuse impact case studies
- **SRI Website** -- tools, resources and more information about Superfund sites <http://www.epa.gov/superfund/programs/recycle/index.html>
- **Office of Site Remediation Enforcement Website** -- tools that address landowner liability concerns such as Comfort/Status Letters and Bona Fide Prospective Purchaser (BFPP) Status <http://cfpub.epa.gov/compliance/resources/policies/cleanup/superfund/>



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Technical Appendix

Positive Impacts: Employment Information for On-site Jobs

Each on-site business was researched in the Dun & Bradstreet (D&B), database where number of employees, and sales volume information was gathered. D & B is a company that provides information on businesses and corporations. It maintains a database of over 179 million companies globally and over 53 million professional contact names using a variety of sources including public records, trade references, tele-communication providers, newspapers and publications, and telephone interviews among other various sources (www.dnb.com). In cases where data were not available in D&B, Real Estate Recycling, the developer, provided estimates.

The Data Universal Numbering System (DUNS) number, is a unique nine-digit identification number assigned by Dun & Bradstreet to each business and its location within the D&B database for the purpose of identifying each business. For businesses not reporting to D&B, assumptions about the most appropriate North American Industry Classification System (NAICS) code for those particular businesses were made.

Positive Impacts: Wage and Income Information for On-site Jobs

Wage and income information was gathered using the Bureau of Labor Statistics (BLS) data. The BLS is a governmental statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the U.S. Congress, and other Federal agencies in the broad field of labor economics and statistics. The data provided by the BLS has high standards of accuracy and consistently high statistical quality, and impartiality in both subject matter and presentation.

Average weekly wage data for each of the businesses located at the Twin Lakes Business Park was collected from the BLS Quarterly Census of Employment and Wages database. Average weekly wage data was identified by matching the NAICS codes corresponding with each type of business with weekly wage data for corresponding businesses in Lawrence County, if not available at the county level, the wage information was sought by State or National level, respectively. In cases where wage data are not available for the six digit NAICS code, higher level (less detailed) NAICS codes are used to obtain the wage data.

To determine the annual wages (mean annual) earned from jobs generated by each of the business located at the Joslyn Manufacturing & Supply Co. Site, the average weekly wage figure was multiplied by the number of weeks in a year (52) and by the number of jobs (employees) for each of the businesses.

Table 1: Twin Lakes Business Park Businesses: NAICS Code and Title, Average Weekly Wage, Employees, Annual Wages and Total Annual Wage per Employee

On-site Business	NAICS Code ^a	NAICS Title	Employees ^b	Average Weekly Wage (2010) ^c	Annual Wage (Mean Annual) per Employee	Total Annual Wages ^d
MTI Distributing, Inc.	423820	Farm and Garden Machinery and Equipment Merchant Wholesalers	82	\$937	\$48,724	\$3,995,368
Caribou Coffee Company, Inc. (Headquarters)	722	Food Services and Drinking Places	220 ^e	\$329	\$17,108	\$3,763,760
Wagner Spray Tech	33391	Air and Gas Compressor Manufacturing	50 ^e	\$1,270	\$66,040	\$3,302,000
Automation, Inc.	423830	Industrial Machinery and Equipment Merchant Wholesalers	30	\$1,307	\$67,964	\$2,038,920
Supply Technologies LLC	423840	Industrial Supplies Merchant Wholesalers	16	\$1,159	\$60,268	\$964,288
Berkshire Transportation Inc	488510	Freight Transportation Arrangement	6	\$1,156	\$60,112	\$360,672
Caribou Coffee Company, Inc. (Retail location)	722	Food Services and Drinking Places	14	\$329	\$17,108	\$239,512
RER Management	561110	Office Administrative Services	2	N/A	N/A	\$99,000 ^e
Total			420			\$14,763,520
^a NAICS code provided in D&B unless otherwise noted. ^b Employee data is from D&B, except where otherwise indicated. ^c Average weekly wage per Employee is based upon BLS Average Weekly Wage data. ^d Total annual wage figures were derived by multiplying "Employees" by "Annual Wage (Mean Annual) per Employee." ^e Estimate provided by Real Estate Recycling. NA: Not Available						

Positive Impacts: Local Tax Revenue Generated from Property Taxes

Data on the most recently assessed property values and the total tax amount for the parcels comprising the Twin Lakes Business Park were collected in March 2012 from property records accessible through Hennepin County's online property records database (<http://gis.co.hennepin.mn.us/property/map/default.aspx>).

Table 2. Estimated Property Values and Annual Tax Amount (2011)

Parcel ID No.	Land Value (2011) (\$)	Improvement Value (2011) (\$)	Total Value (2011) (\$)	Annual Tax Amount (2011) (\$)
10-118-21-31-0030	\$1,400,000.00	\$4,230,000.00	\$5,630,000.00	\$244,367.56
10-118-21-24-0034	\$1,285,000	\$3,645,000.00	\$4,930,000.00	\$213,795.68
10-118-21-24-0032	\$462,000.00	\$0.00	\$462,000.00	\$20,177.44
10-118-21-23-0006	\$2,193,000.00	\$6,287,000.00	\$8,480,000.00	\$368,839.06
10-118-21-23-0007	\$125,000.00	\$0.00	\$125,000.00	\$5,459.20
Total	\$5,465,000.00	\$14,162,000.00	\$19,627,000.00	\$852,638.94

Property values source: Hennepin County, property information on-line.